

Message Text

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63

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 IGA-02 AGR-20 EB-11 COME-00

TRSE-00 OMB-01 SS-20 NSC-10 SPC-03 CIAE-00 INR-10

NSAE-00 RSC-01 L-03 NSCE-00 INRE-00 SSO-00 DRC-01

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O R 022125Z JAN 74

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 1844

INFO AMEMBASSY BUENOS AIRES

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAID, BL

SUBJ: PL-480 TITLE I: AGREEMENT FOR 1974

REF: LA PAZ 7697

SUMMARY: MININD/COM PEREDA CALLED AMBASSADOR TO MINISTRY JANUARY 2 AND MADE STRONG PLEA FOR NEW PL-480 AGREEMENT AND FOR WHEAT ARRIVALS TO TAKE CARE OF SHORTAGES EXPECTED AFTER MARCH 1974. ACTION REQUESTED: ADVISE STATUS OF GOB REQUEST FOR NEW PL-480 AGREEMENT (SEE LA PAZ 5021 OF AUGUST 16, 1973, AND SUBSEQUENT.)

1. MINISTER BLAMED BOLIVIAN DIFFICULTIES ON FAILURE OF ARGENTINE GOVERNMENT TO FULFILL OCTOBER 1973 AGREEMENT FOR 30,000 METRIC TONS OF WHEAT FLOUR. ACCORDING TO PEREDA, DESPITE REPEATED ASSURANCES FROM ARGENTINE EMBASSY, ONLY 5,000 TONS HAVE ARRIVED TO DATE AND BOLIVIANS HAVE CONCLUDED THAT THEY CANNOT COUNT ON ARGENTINEA TO MEET VITAL NEED FOR FLOUR IMPORTS. WHILE RECOGNIZING THAT

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ARGENTINA TOO HAD WHEAT PROBLEM MINISTER IPINED THAT SLOWNESS OF

SHIPMENTS DUE TO "POLITICS" CONNECTED WITH BILATERAL GAS AND PETROLEUM NEGOTIATIONS.

2. MINISTER'S ANXIETIES SEEMED TO BE PROMPTED BY REPORT PRESIDENTIAL ECONOMIC ADVISOR WILLY VARGAS BROUGHT BACK FROM HIS WASHINGTON VISIT ALLEGING THAT U.S. OFFICIALS NOT RPT NOT CONTEMPLATING FURTHER WHEAT SHIPMENTS IN FIRST SEMESTER 1974. MININD/COM OFFICIALS MADE CONFUSED DEDUCTION FROM THIS THAT U.S. WISHED TO PLACE PL-480 AGREEMENT ON U.S. FISCAL YEAR BASIS. AS REPORTED REFTEL AND CONFIRMED BY MINISTER PL-480 SHIPMENTS NOW UNDERWAY ARE BELIEVED SUFFICIENT WITH NATIONAL WHEAT TO MEET NEEDS UNTIL END OF MARCH. MINISTER THUS FEARED THAT COUNTRY WOULD BE WITHOUT WHEAT FROM THEN UNTIL JULY.

3. AMBASSADOR EXPRESSED UNDERSTANDING OF MINISTER'S ANXIETIES BUT RECORDED THAT EMBASSY HAS NOT YET RECEIVED INSTRUCTIONS FOR NEGOTIATION OF NEW AGREEMENT. ADCM WHITING EXPLAINED THAT IF NEW AGREEMENT WORKED OUT IN TIME SHIPMENTS THEORETICALLY COULD BE MADE IN MARCH TO JULY PERIOD BUT STRESSED UNCERTAINTIES RE WHEAT AVAILABILITIES. IN VIEW POSSIBILITY ARGENTINA MIGHT NOT SUPPLY, HE MENTIONED NEED FOR GOB TO STUDY COMMERCIAL PURCHASES FROM COUNTRIES OTHER THAN ARGENTINA. MINISTER ASKED EMBASSY CONVEY HIS REQUEST URGENTLY TO WASHINGTON AUTHORITIES AND SAID HE WOULD SEND INSTRUCTIONS TO GOB EMBASSY WASHINGTON ASAP.

4. COMMENT: MINISTER'S CONCERN IS WITHOUT DOUBT GENUINE. PRICE AND SCARCITY OF FLOUR HAS BEEN ONE OF GOB'S MOST CONSTANT AND TRUCULENT POLITICAL PROBLEMS AS EVIDENCED BY LONG LINES OF UNHAPPY HOUSEWIVES WAITING TO PURCHASE BREAD OR FLOUR THAT HAVE REAPPEARED PERIODICALLY IN RECENT MONTHS. BOLIVIA HAS RELIED ON ARGENTINE SHIPMENTS NOT ONLY BECAUSE SOUTHERN NEIGHBOR HISTORICAL SUPPLIER TO BOLIVIA BUT ALSO BECAUSE LAST YEAR'S BILATERAL AGREEMENT GAVE FAVORABLE PRICE (US\$ 165/METRIC TON). NOW WITH PROBLEM OF ARGENTINE DELIVERIES ADDED TO WORLD WIDE SHORTAGE GOB SEEMS TO BE AWARE OF SERIOUS NEED TO STIMULATE NATIONAL WHEAT PRODUCTION. IT WILL TAKE TIME, HOWEVER, TO IMPROVE PAST PERFORMANCE AND GOB IS RELYING ON U.S. TO HELP AVOID LIMITED OFFICIAL USE

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POLITICALLY SENSITIVE SHORTAGE AFTER MARCH. GOB HAS URGENT NEED TO KNOW WHAT SUPPLIES IT CAN COUNT ON. THEREFORE, WE SHOULD RESPOND ON NEW AGREEMENT ASAP, AND WE RECOMMEND AS AFFIRMATIVELY AS POSSIBLE IN VIEW POLITICAL AND ECONOMIC JUSTIFICATIONS AND APPARENT INABILITY AND UNWILLINGNEWW USUAL SUPPLIER--ARGENTINA--TO SHIP FLOUR.
STEDMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOOD SHORTAGE, WHEAT, AGRICULTURAL AGREEMENTS, PL 480 TITLE 1, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LAPAZ00015
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LA PAZ
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740167/aaaackvb.tel
Line Count: 114
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: LA PAZ 7697
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2002 by cunninfx>; APPROVED <04-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PL-480 TITLE I: AGREEMENT FOR 1974
TAGS: EAID, BL, US, AR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005